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Bright, John Morgan

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FINANCE.

SPEECH

OF

HON. JOHN M. BRIGHT,

IN THE

HOUSE OF REPRESENTATIVES,

ON THE

SENATE FINANCE BILL,

JANUARY 25, 1875.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1875.

SPEECH

OF

HON. JOHN M. BRIGHT.

Mr. BRIGHT. Mr. Speaker, I propose to give some reasons why I cannot vote for the Senate finance bill now pending before the House. It seems to be a dish cooked to suit the taste of the President, as it is but the embodiment of the views expressed in his financial veto message of last session.

The present bill provide, first, for the coinage of fractional silver to redeem the outstanding fractional currency; second, for the repeal of the charge of $\frac{1}{5}$ of 1 per cent. for coinage; third, for the removal of restrictions on the amount of national-bank circulation; fourth, for the repeal of that clause of the finance bill of last session which required the redistribution of $55,000,000 of national-bank currency; fifth, for the redemption of legal-tender notes in excess of $300,000,000, amounting to 80 per cent. of the new national-bank notes to be issued in their place; sixth, for the redemption in coin of the legal-tender notes outstanding after the 1st of January, 1879; seventh, for raising the coin for the redemption of the notes by the use of any funds in the Treasury not otherwise appropriated, or by the sale of bonds payable in coin under the act of July 14, 1870, and eighth, for the repeal of all laws inconsistent with the provisions of the bill.

As to that clause of the bill which provides for the repeal of the charge on coinage, I make no point. It would have a tendency to encourage the home coinage of the precious metals. England has authorized free coinage since 18 Charles II.

That clause of the bill which provides for the repeal of the law of last session requiring the redistribution of $55,000,000 of national currency among the States according to wealth and population is intended to take immediate effect and prevent the redistribution and to secure and perpetuate a financial advantage to certain States to the injustice and prejudice of others. The report of the Comptroller of the Currency to the present session shows that the unequal distribution still exists.

The six New England States have an excess of $69,905,101; the five Middle States have an excess of $7,861,239; the fourteen Southern and Southwestern States have a deficiency of $52,467,842; the nine Western States have a deficiency of $23,063,966; and the nine Pacific States and three Territories have a deficiency of $7,972,619. The Eastern and Middle States have an excess of $78,295,579.

The same report shows the following *per capita* circulation: The six New England States have $31.45, the Middle have $12.66, the fourteen Southern and Southwestern have $2.81, the nine Western have $6.86, and the eleven Pacific and Territories have $2.

The act of last session ordering the redistribution of the currency conceded the justice of the measure. Now it is proposed to go back

and revive the iniquity. Free banking will be no compensation for the injustice to the destitute States, as I will show in another connection. It is only a contrivance to direct all the trade winds and gulf streams to the favored sections. A large part of the productions of the South and West is diverted from the natural commercial channels and are thrown thousands of miles across the interior at ruinous rates of transportation. Our one-sided financial condition, sanctioned by law, has thrown our whole commercial gravitation out of course. In the one section where money is plenty labor is rewarded and productions in the vicinity command a fair price. The reverse is true where the money is scarce. Look to New Orleans, that beautiful city of the sun, at whose feet the din of commerce used to roar day and night, with money exchanges in her favor, and with a commercial outlook equal to that of ancient Tyre, but now despoiled of her trade and wasting in decay. She is now without money to pay for the great staples sugar and cotton, but the stranger generally pays for them with checks on the great money centers of the East, and the checks are applied to the payment of merchants' accounts, or used in the purchase of goods at high prices, which are to be consumed at the South. So the revolution of the wheel of commerce empties but little *money* into her lap. In the mean time she is devoured with taxation. Other sections may read their commercial fate in Louisiana with a continuation of our present financial policy.

Nature is suggestive of a great destiny for western and southern commerce. She points to the great territory lying between the Alleghany and the Rocky Mountains, rich in soil as the delta of the Nile, and divided in the middle by the grand old "king of floods." The turbid Missouri, child of the Rocky Mountains, comes from the West; the placid Ohio, daughter of the Alleghanies, comes from the East; the crystal lakes of the North send their tributes chilled with drifting ice. In short, the whole fifteen hundred tributaries of the Mississippi are gathered home as a patriarch would gather his children to his bosom, and the commingling of waters and soils into the common flood as it turns head and drives to pour its grand libation into the Gulf, is but the herald of our interoceanic commerce to the open seas. I would injure none, but have all our sections march abreast in the race of improvement. But I do protest against the consolidation of a great money power in this country, which, unchecked, sooner or later, will subjugate both the Government and the people.

But to pass on. That clause of the bill which provides for the redemption of fractional currency with fractional silver coin is unnecessary, expensive, and in the interests of the money power. The facts will prove my position. The report of the Treasurer of the United States for 1874 shows the amount of fractional currency outstanding to be $45,880,002.34. Our Government has no silver which can be used for coinage to redeem the fractional currency. The existing law pledges our duties, first, to the payment of interest on the public debt; second, to the payment of 1 per cent. of the sinking fund; third, the residue to be paid into the Treasury.

In proof that the silver cannot be raised from duties, the report of the Secretary of the Treasury in his estimates for 1875 shows a deficiency in the sinking fund of $22,093,748.43, and the deficiency for 1876, $11,920,914.

The report of the Treasurer for 1874 shows a falling off in the customs for last year $24,985,685.01, and a falling off in internal revenue $11,920,914, making a total decrease of revenue $36,349,218.25. So there is no "surplus" nor "residue" now in the Treasury, nor the

promise of any, out of which the silver can be raised. Then the only alternative is to raise it by the sale of coin bonds under the act of July 14, 1870. Humiliating spectacle, to see the Government a suppliant at the feet of the money power to borrow silver to redeem her fractional currency!

But let us see something of the cost of converting the fractional currency into fractional silver. The act of July 14, 1870, amended by the act of January 20, 1871, under which the bonds are to be issued, provides that the bonds shall bear 5 per cent. interest payable quarterly, and the principal payable in ten years. The quarterly interest makes it about equal to 6 per cent. per annum. If these bonds are payable in gold, as the friends of the bill contend they are, then they are to be sold at par for silver. The gold is now worth 6 per cent. more than silver. This would make a difference in the value of silver to be raised and the gold bonds of $2,902,800. But this is not all. The annual interest on these bonds is $2,900,000, and in ten years the interest will amount to $29,000,000, making exchange and interest for ten years $31,902,800; and still the principal, $45,880,002, not paid.

This is a little financial stroke which plays handsomely into the hands of the money power; whereas the fractional currency costs but little more than the paper and printing, is more portable than silver, and being the symbol of the national credit it is used as a medium for the exchange of our property and productions and the payment of our debts and taxes, is a legal tender in sums under five dollars and exchangeable for legal-tender notes at the Treasury of the United States.

The fractional silver could have no greater use, for it would not be a legal tender for any sum over five dollars. The people are not demanding such a measure. It would be paying too much for the whistle. But this is not the worst; it is only the child out of which the giant is yet to grow.

The bill next provides for the redemption in coin of $82,000,000 of legal-tender notes, being the amount in excess of $300,000,000. If there was no surplus in the Treasury to raise silver, there would be none to raise gold. Then the gold must be raised by the sale of more gold bonds. Gold is now worth 12 per cent. more than legal-tender notes. The difference in the value of $82,000,000 legal-tender notes and gold would be $9,800,000. The annual interest on the gold bonds would be $4,920,000 and the interest for ten years would be $49,200,000, which added to the exchange would make $59,000,000; and still at the end of ten years the principal would be unpaid. On the other hand, the legal-tender notes cost but a trifle, bear no interest, and answer all the purposes for the exchange of commerce and the payment of taxes and debts, except interest on the public debt and duties on foreign goods. Again, the bill provides that $100,000,000 new national-bank notes shall be issued in the place of the $82,000,000 legal-tender notes redeemed. This would not increase the volume of currency, as $20,000,000 of the outstanding legal-tender notes would be withdrawn from circulation to be held as a reserve for deposits in the national banks.

So far as the people are concerned, the practical result of the transaction would be the swapping off of $82,000,000 of legal-tender notes for national-bank notes at a cost of $59,000,000, exchange and interest for ten years. It is all for the bondholders and nothing for the people. A guardian would be removed from office who would change his ward's debt from a non-interest to an interest-bearing debt.

Again, the bill provides for the redemption of the $300,000,000 legal-

tender notes outstanding after the 1st of January, 1879. For the reasons stated before, the Government will be compelled to resort to the sale of more bonds to raise the coin. The gold being worth 12 per cent. more than Treasury notes, it would make a difference in the value of the notes and bonds of $36,000,000. The annual interest on these bonds would be $18,000,000, and the interest for ten years would amount to $180,000,000, making a total for exchange and interest for ten years of $216,000,000; and still the principal due and unpaid.

As it is contemplated, suppose the national banks issue $300,000,000 of their notes in the place of the $300,000,000 legal-tender notes redeemed, and that they should make an estimated gross profit of 15 per cent. per annum for ten years, it would give an aggregate of $450,000,000.

Then sum up the result of converting the fractional currency and legal-tender notes into coin bonds, we have the following:

Exchange for fractional currency	$2,902,800
Exchange of $382,000,000 legal-tender notes	45,840,000
Interest on bonds exchanged for fractional currency and legal-tender notes for ten years	252,028,000
Gross profits of national banks on $382,000,000 for ten years at 15 per cent	450,000,000
Total	750,770,800

To say the least of it, a large proportion of this amount would be ground out of the people in ten years by the stupendous extortions of the bill. Whatever may be said in palliation of the items of exchange and bank profits, there can be no question that the interest on the bonds to raise coin for the redemption of fractional currency and legal-tender notes would cost $252,028,000 in ten years, which would have to be raised by taxation. And at the end of the time the people would have to face the principal of the bonds, amounting to $427,880,000, due and unpaid, and no doubt with an empty Treasury, if the logic of this policy is pursued to its conclusion. And at the time these bonds fall due there perhaps will be due $1,000,000,000 of other bonds, and the holders demanding payment, or to have their bonds refunded, and the revenues of the country farmed out to them for another term of years.

I warn the country now of the "dismal swamp" which lies ahead of this wicked policy, a policy which builds up the money power on the distress of the people. I protest against yielding the country a prey to such a system of usury and plunder.

I propose now to show that the bill is hollow with delusion, and that its proposed gold basis is like the boy's phantom gold at the end of the rainbow. After a course of financial tribulation, it will end in disappointment and disaster. Our financial system has a foreign as well as domestic relation. Financial theories may be certain in their normal application, but they become as treacherous as the faithful compass when swayed by foreign influence.

Among the great nations of the earth ours is the richest in mines but poorest in coins. The golden Pactolus sweeps through our land but to bear its treasures to other shores. With mountains of gold and silver, we cannot command a home coin to purchase the new bonds which the bill would put upon the market. Like the victim already fastened in the toils of the usurer, we look to Europe in our emergency. And now to the facts.

The Director of the Mint, in his report for 1874, estimates our present supply of gold and silver coin at $166,846,228; but at the time of his report he perhaps was not aware of the fact, as shown by the report of the Secretary of the Treasury for 1874, page vi., that there was due to the sinking fund $22,093,748; and, as shown by the same Report, page 24, there was a balance due for interest on the public debt of $5,636,995. These amounts together make $27,730,743, which, if it had been paid, would for the most part have been exported and applied to our foreign debt, and being taken from the $166,846,228, would leave only $139,730,743 as the true proximate amount of gold and silver coin in the United States. Both the Director of the Mint and the Chief of the Bureau of Statistics last year estimated our coin at $140,000,000. So in fact there has been no increase. The Secretary of the Treasury, in his report for 1874, page xxv., says that our present annual demands "cannot be safely stated at less than $160,000,000 in gold, besides the receipts from internal revenue and other sources."

So it must be apparent that our new supply must come from Europe. The result will be an increase of our foreign debt $427,880,000, and an increase of our annual interest $25,672,800. Another result is the repeal of the legal-tender act of 1862 by the artful phraseology of the bill, in the clause repealing all laws inconsistent with its provisions. The legal-tender notes being all redeemed, nothing but gold and silver then would be a legal tender. No doubt the draughtsman thought it a handsome feat of cunning; but the result of such cunning would prove a terrible calamity to the country. To make nothing but gold now a legal tender, as I said in a former speech, June 13, 1874—

> Would give an additional value to the demands of the creditor of 12½ per cent., and subtract a corresponding value from the productions and property of the debtor. The public and private debt of our country amounts to about $8,160,469,000. To pay it in gold it would require a premium of about $1,000,000,000, and a corresponding increase of the value of the interest on the debt by making it payable in gold. The aggregate annual taxation of our country amounts to about $611,180,320; it would add an annual value of about $80,000,000 if paid in gold. The result—$1,000,000,000 profit to the creditor, $1,000,000,000 confiscation to the debtor, $80,000,000 additional annual taxation to the people! Comforting pictures for a distressed people!

All our State bonds which were contracted in contemplation of payment in legal-tender notes would then become payable in gold, which would not only create a new burden of taxation, but it would engender political discontent under a sense of outrage and injustice.

But this is not all. The bill provides that the legal-tender notes shall be redeemed "at the office of the assistant treasurer of the United States in the city of New York." This would make this great financial center a mighty maelstrom to swallow down three hundred millions from circulation in the country, there to be hoarded by banks, brokers, and gold rings, and aggravating the evils of an already consolidated money power.

But this would not be the end of the "Iliad of our woes." I come now to the most remarkable, as it is the most alarming and mischievous feature of the bill. After converting a non-interest-bearing debt into an interest-bearing one—after juggling the gold for the redemption of the legal-tender notes into the hands of the money kings in the city of New York—and though the bill wears upon its front an imposing title, like the phylactery of the Pharisee, "AN ACT to provide for the resumption of specie payment," it slips the bridle and abandons the whole field of currency to the national banks, without a single provision for the redemption of their notes in coin, or for making their notes a legal-tender for the payment of debts or taxes among the people and States.

> O, for a forty-parson power
> To sing thy praise, Hypocrisy!

Perhaps the proper construction of the bill would require the banks to keep their reserves as a security for deposits in coin, 5 per cent. of which is required to be kept in the Treasury of the United States for the redemption of their notes.

But I have said that the bill abandons the field of currency to the national banks.

The gold coin used for the redemption of legal-tender notes will soon be spirited away. The States and other corporations are prohibited by a tax of 10 per cent. from issuing bank-notes. Thus the absence of other currency will make the national-bank notes a forced currency on the people. And still they cannot be used in the payment of individual debts and taxes to the States without their consent. It is true that the national banking act provides that the notes of the national banks shall be received by the United States in payment of taxes and dues to the United States, except for duties on imports and for debts owed by the United States and interest on the public debt; but this only shows that the Federal Government has placed itself in the power of the national banks to furnish a currency for the payment of internal taxes and dues to the Government. Hence it will appear that both Government and people are placed in the power of the national banks.

Under the control of bank speculators the prices of productions and property would be as variable as the wind. Like other banks, they contract and expand, suspend and break. They will all be in financial sympathy and commercial connection. One shock will send a financial paralysis to the whole, as it did in 1873. They bank largely on deposits, for which there is no security except an average reserve of about 20 per cent., 15 per cent. of which is required to be kept in their own vaults and 5 per cent. in the Treasury of the United States for the redemption of their notes. Jay Cooke has taught them all how to break. Let one financial gale sweep the country, and the Government and people might wake up some morning and find themselves without a currency. These national-bank notes would not even have the legal-tender quality of the notes of the old United States Bank, which provided that—

The bills and notes of the bank shall be receivable in all payments to the United States.

Viewed from my stand-point, it would be a political crime to abandon the Government and people to the national banks. Whenever it is done, I warn the country that "Black Fridays," financial convulsions, commercial prostration, bankruptcy, and political corruption all lie ahead. Each financial panic costs the country not less than $1,000,000,000.

The banks, once rooted in their power, will aspire to make Presidents and to control the legislation of the country. They would hold their national conventions to mature their measures and plan their campaigns.

There are now two thousand and twenty-eight national banks. State banks being taxed out of existence, they would have undisputed sway. Suppose each bank had one hundred necessitous debtors, it would give an aggregate of 202,800. Then suppose the bank directors wanted votes, petitions signed, or measures advocated, what fearful havoc it would make with the freedom of elections and the virtue of legislation! Speaking of the political influence of banks, Mr. Madison, in a letter to Thomas Jefferson, April 23, 1796, wrote:

The banks have been powerfully felt in the progress of the petitions in the cities for the treaty. Scarce a merchant or a trader but what depends on discounts, and at this moment there is a general pinch for money. Under such circumstances a bank director soliciting subscriptions is like a highwayman with a pistol demanding the purse.

The old United States Bank, in its desperate struggle for its recharter, made every industry quail before its supremacy. The financial bulletins of Nicholas Biddle were as potential as the ukase of Nicholas the Autocrat. By collecting loans, refusing discounts, and undermining State banks, he brought the nation a suppliant at his feet. The country cried out with the pains of financial contraction, and the tables of Congress groaned with distress-petitions.

Mr. Benton, in his Thirty Years' View, says the power of the bank was "exemplified in her capacity to have Jackson condemned, the Government directors and a Secretary of the Treasury rejected, a committee of the House of Representatives repulsed, and the country convulsed and agonized." It only succumbed to Jackson and the veto.

Let us pause to inquire what possible gain there can be in superseding the legal-tender notes. The use of money gives it its chief significance. These notes are used as a medium of exchange for all our productions and property and for the payment of all our debts and taxes, except interest on the public debt and duties on imports. It floats our entire home commerce, which is 1,000 per cent. greater than our foreign commerce. We have annual productions of all industries about $9,000,000,000, while we have only about $600,000,000 foreign imports. It is not needed as an exchange for our foreign commerce, as our exports about cancel our imports. Our legal-tender notes are not intended for a foreign circulation, and as they are answering all the demands of our home circulation I cannot see the reason, the justice, or the economy in paying $732,000,000, which I have shown it will cost, directly and indirectly, in ten years to effect the exchange of the fractional and legal-tender notes into gold bonds, and at the end of the time have the principal of the bonds to pay—amounting to $427,880,000.

It is time for the Government to call a halt in its reckless extravagance. It is time the people were overhauling the cash account and liabilities of the Government.

The report of the Secretary of the Treasury for 1874 (see appendix A) shows that the net ordinary receipts of the Government (excluding receipts from loans and Treasury notes) from 1865 to 1874, were $4,366,366,321; net ordinary expenditures for the same time, $4,347,995,093. Out of the amount collected the Government has reduced the public debt $521,545,705, leaving a balance of $3,826,449,386. Out of this balance the Government has in the same time paid interest in gold to the bondholders $1,211,403,003. The remaining balance, $2,615,046,383, has been applied to the necessary expenses of the Government and a large portion squandered in subsidies and other extravagancies.

With proper economy $1,000,000,000 of the last balance might have been applied to the payment of the public debt. And still we have an outstanding public debt of $2,251,690,468, as appears from the same report of the Secretary of the Treasury, a part of which, say $1,800,000,000, is bearing interest, while we have the cry to have $428,000,000 non-interest-bearing currency transmuted into interest-bearing gold bonds—calling for $26,000,000 additional annual taxation. Is our Government to remain deaf to the cry of distress which comes up from our toiling millions, or is it to lend its ear to and lavish its compassion upon the money-leeches of Europe who are crying for a new gorge from our already depleted veins?

But, independent of all this, the Secretary of the Treasury calls for more money to meet existing liabilities. He showed the deficiency in the revenue to be $36,349,218.25. Therefore his "voice is still for war"—a war of taxation on the people. He calls for a tax on tea and coffee, which happily blend in them the character of necessaries and luxuries to the laboring millions.

Neither I nor the country will stop to argue with the Secretary the exploded fallacy that a tax on tea and coffee will not commercially enhance the price. Let Congress heed his voice in the face of the enormous expenditures of the Government and the distress of the people, and "the tempest in the tea-pot" will gather into a national tornado.

But we are told that gold coin will take the place of the legal-tender notes, which will be exchanged for gold bonds. Yes, it may come, and it will almost as quickly go. What is poured in at the bung will soon run out at the spigot. Let us see. The report of the Director of the Mint for 1874 (see appendix C) estimates the products of our gold mines since 1849 at $1,240,750,000; products of our silver mines for same time $189,000,000, making together $1,429,750,000. Deduct from this $140,000,000, amount of gold coin on hand, and we have $1,269,750,000 which has disappeared from the country. Poor husbandry of gold! But see how the Government, not the people, has opened the arteries for its outflow from the country.

Our foreign debt, at the least estimate by the Chief of Statistics, is $1,200,000,000. And now we propose to increase it $428,000,000, making together $1,628,000,000. The annual interest on this amount, including expenses of collecting, will amount to $100,000,000.

The average products of our gold mines for the last five years, as per last report of the Director of the Mint, amount to $40,000,000; so it is apparent the annual interest on the foreign debt will exhaust our annual gold products and require $60,000,000 of the newly-imported coin to pay it off. So that in about seven years the borrowed $428,000,000 would be drawn off on the interest account alone.

If the foreign interest is payable in silver as well as in gold, then the average of our silver mines, $23,000,000, for the last five years should be added to the annual product of gold, and together they would make the average $63,000,000 per annum. This sum the foreign interest would exhaust, and require annually $37,000,000 of the loan coin to pay it off. So in about twelve years the foreign interest alone, after exhausting the joint products of our gold and silver mines, would absorb all the loan, and leave the principal unpaid.

In connection with our coinage I will develop another grievous outrage upon the people of the country. The act of 1837 made all *silver coins*, from a half-dime to one dollar, a legal tender for all sums. The act of 1853, however, made all fractional silver coins from a half-dime to a half-dollar a legal tender only to the extent of five dollars, leaving the *silver dollar* a legal tender for all sums.

The act of June 25, 1834, made the silver dollar, of not less than four hundred and fifteen grains, of Mexico, Peru, Chili, Central America, and Brazil, a legal tender.

The act of May, 1846, made nearly all the foreign moneys of account, at fixed values, of European nations, a legal tender. These acts all remained unrepealed until the act of February 12, 1873, which enacted—

> That the silver coins of the United States shall be a trade-dollar, a half-dollar or fifty-cent piece, a quarter-dollar or twenty-five cent piece, * * * and said coins shall be a legal tender at their nominal value for any amount not exceeding five dollars in any one payment.

The act of July 14, 1870, authorizing the refunding of our national bonds, provides that the bonds issued under it shall be redeemable "*in coin at its then standard value*," which stipulation is inserted in the bonds and forms a part of the original contract. This is the only class of bonds payable in coin by express stipulation. Twelve other different classes of bonds were issued since February, 1861, and prior to the refunding act of 1870, all of which express on their face to pay *dollars*, with interest at a rate stated.

The point which I make is this, that the bonds, principal and interest, were payable in gold or *silver* coin up to the passage of the act of February 14, 1873. I waive the question at present whether the bonds payable in *dollars* were solvable in legal-tender notes. If they were payable in *silver coin* in dollar pieces, why did the financial ministers of the Government pay in gold, or its equivalent, interest amounting to $1,211,403,003 and principal amounting to $521,545,705, making together $1,732,948,708, when the gold was worth 6 per cent. more than silver, making a loss to the Government and people of $103,976,922.48?

But this is not all. The act of 1793 provided that "the proportional value of gold to silver * * * shall be as 15 to 1, according to quantity in weight." This act remains unrepealed. In Mexico, South America, Spain, Portugal, and in the West Indies generally, the value of gold is 16 to 1 over silver, and in Cuba said to be as high as 17 to 1. If the financial ministers had been as shrewd in protecting the people as the bond-holders were as calculating to turn profits into their coffers, why did they not take the gold and exchange it for silver in other countries when it was worth 16 for 1 in value, and bring it home and pay the debts 15 to 1, and save one dollar out of every sixteen, or 6 per cent. on the amount paid? By this process $100,000,000 could have been saved on the payments already made. The silver was abundant and could have been easily obtained. The American silver mines were turning out an annual average of $23,000,000, and on the increase. The Director of the Mint in his last report, speaking of the quantity of gold and silver coin and bullion in the world, says:

> The world's stock of precious metals is generally estimated at from ten to twelve thousand million dollars, nearly equally divided as to the two metals.

All the bonds of the United States which by their terms are payable in coin at its then standard value may be paid in silver one-dollar pieces, which were a legal tender for any amount at the time, as much so as gold; and they ought yet to be paid in silver coin, for the double reason that it would meet the contract, and be to the advantage of the people 6 per cent. of the amount, being the difference in the value of gold and silver.

In like manner all the bonds payable *in dollars* may, and should be, discharged in legal-tender notes, for the same reasons, that they meet the contract and it would be to the advantage of the people 12 per cent. of the amount, being the difference between gold and legal-tender notes. But of this in another connection.

The country has been laid under usury and extortion and flayed and victimized long enough. The Government, instead of being animated by a sense of paternal fairness and justice to the people, has been obsequious in its concessions to the bondholders, many of whom are citizens of foreign governments.

To appease their clamor it gave them bonds bearing a coin interest, worth at the time $1,000,000,000 more in value than the depreciated currency paid for the bonds. It passed a declaratory act in 1869 say-

ing that the principal of the bonds should be paid in coin or its equivalent, when the bonds by the terms were payable in *dollars*. It authorized by the act of 1870 the refunding of the bonds payable in *dollars* into 5 per cent. bonds payable in coin, with the interest payable semi-annually, and by the amended act of 1871 it made the interest on these payable *quarterly*, thereby making the 5 per cent. interest equivalent to 6 per cent. per annum. And the Government is at present paying the holders of these 5 per cent. bonds annually $4,934,386, the difference between the semi-annual and quarterly interest on $315,800,750, the amount of the outstanding 5 per cent. bonds. It has paid in gold since 1865, as I have shown, in interest and part of the principal of the public debt, $1,732,948,708, when it might have been paid, to say the least, in silver coin, and by proper financial skill have saved $200,000,000 to the people. It changed our coinage by the act of 1873 so as to destroy the legal-tender quality of silver coin except in sums under five dollars, and thus in the main to expel it as a currency from the country and leave the bondholders masters of the gold fields. And it now proposes to make our bonded debt permanent and to multiply the pernicious fecundity of the bonds by continuing them as an indispensable capital of the national banks. The whole design seems to have been to turn the people, property, and productions of the country over a lawful prey for the rapacity and speculation of the money power. And still the Government has no cure for these evils except more gold bonds and the increased taxation of the people. And the people might reply to the Government in the terrible irony of Patrick Henry:

> Shall we fill the pocket of the spendthrift with money to cure him of his prodigality?

For all these evils judgment is with the people.

But to return to the Senate bill. It provides for a financial system so loosely and clumsily fabricated that it will be undermined by its own operation. I assume that after the legal-tender notes are all redeemed—and it is impossible for the banks to prevent their redemption—the banks would be compelled to substitute as their reserves in their place gold coin, the gold being the only "lawful money" above five dollars. Then they would have to keep 5 per cent. of their deposits in gold in the Treasury of the United States for the redemption of their notes. To show how it would operate: The present amount of reserves in the national banks, as per last report of the Comptroller of the Currency, amount to $87,473,895, and the reserves in the Treasury amount to $17,054,108. Suppose this reserve in the Treasury to be in gold, it would be more valuable than national-bank notes, the European gold-mongers would draw it off at the Treasury faucet as fast as the banks could fill up the cask. Thus the banks in a few months could be drained of their gold. The only way to arrest it would be to cease to keep deposits. Having no deposits, they would be required to keep no reserves. Then they would be limited to banking on such national-bank notes as they might own. The result would be that they would not be required to keep any gold to redeem their notes at their own counter or at the Treasury.

And here is the end of the gold logic of the bill—free banks without coin; gold bonds and increased taxation in the place of free currency. The whole scheme seems to have been concocted in the interest of the money power. Perhaps the President and his Cabinet officers, members of Congress, and other Government officials would draw their pay in gold if the bill should go into operation. The Government seems to have been so much in the habit of plundering the

people that it is willing to keep up the habit for the benefit of the foreign bondholder.

But the bill is singularly defective in this, that it provides no tax to pay the interest on the bonds which are to be raised under it. The bonds will find slow sale without some tax being pledged to pay the interest. If this Congress has courage to pass the bill, it ought to have courage to levy the tax to pay the interest. But it shrewdly plays off from the tax question, hoping, perhaps, to make another Congress responsible for its levy.

I think I have said enough to uncover to the eyes of the American people the monstrous iniquity of the bill.

I turn now to present briefly another and more hopeful aspect of our financial affairs.

It is true that our financial affairs at this time are deplorable, but not desperate. The Government has taken charge of the national currency, has deprived the States of a local currency by taxing State banks out of existence, and the States and people are now lying at the feet of the Government, like Lazarus at the gate of the rich man, waiting for the crumbs to fall from the table. The Government by a few more turns of the contraction screws can bankrupt the mass of the people, and break down the State governments for the want of money to administer them.

The Government having taken the charge and responsibility of the national finances, it can and ought to furnish a safe currency, a cheap currency, and an abundant currency.

A safe currency can be furnished in the legal-tender notes. They are as safe as the credit of the Government, safe as the bonds, and safe as the Government itself. These notes were proof against the violence of the tempest which recently swept the financial sea. Commerce howled for help through Wall street in vain. The national banks were congealed and powerless in the panic. The national Treasury was besieged by frantic suppliants to procure, contrary to law, the launch of a new installment of Treasury notes as the only life-boat to which they could cling to outride the storm. President Grant, proud of the triumph of the national credit, in his annual message to Congress for 1873, uses the following exultant language:

> The experience of the present panic has proven that the currency of the country, based as it is upon the credit of the country, is the best that has ever been devised.

This ought to be sufficient proof of the safety of the Treasury notes.

That these notes are the cheapest currency no one can deny. They bear no interest. They pay for all the expenses of their manufacture in their use. Interest has been the bane of nearly all money systems, the cormorant which preys upon the fruits of human labor. It is the heaviest curse now resting on American industries. Its removal is the greatest measure of relief, and is to be one of the greatest questions of the day. The Treasury notes pass from the Government to the people without passing through the banks and being subject to bank rates of interest. They are more democratic than any other currency, if to subserve the great interest of the people be a test of democracy. They are the people's money, and their freedom from interest brings them into antagonism with our existing bond and bank monopolies, which are the hardest masters over the people.

If Thomas Jefferson is good authority for democracy he might be adduced as a witness in favor of Treasury notes over all other paper currency. In volume 6, pages 139 and 140 of his Correspondence, letter to John W. Epps, June 24, 1813, he says:

> And so the nation may continue to issue its bills as far as its wants require and he limits of the circulation will admit. Those limits are understood to extend with

us at present to $200,000,000, a greater sum than would be necessary for any war. But this, the only resource which the Government could command with certainty, the States have unfortunately fooled away, nay, corruptly alienated to swindlers and shavers under the color of private banks. Say, too, as an additional evil, that the disposal funds of individuals, to this great amount, have thus been drawn from improvement and useful enterprise, and employed in the useless, usurious, and demoralizing practices of bank directors and their accomplices.

In the war of 1755 our State availed itself of this fund by issuing a paper money bottomed on a specific tax for its redemption, and, to insure its credit, bearing an interest of 5 per cent. Within a very short time not a bill of this emission was to be found in circulation. It was locked up in the chests of executors, guardians, widows, farmers, &c. We then issued bills bottomed on a redeeming tax, but bearing no interest. These were readily received, and never depreciated a single farthing. * * * If Treasury bills are emitted on a tax appropriated for their redemption in fifteen years, and (to insure preference in the first moments of competition) bearing an interest of 6 per cent., there is no one who would not take them in preference to bank paper now afloat, on a principle of patriotism as well as interest; and they would be withdrawn from circulation into private hoards to a considerable amount. Their credit once established, others might be emitted, bottomed also on a tax, but not bearing interest; and if ever their credit faltered, open public loans, on which alone these bills should be received as specie. These, operating as a sinking fund, would reduce the quantity in circulation so as to maintain that in an equilibrium with specie. It is not easy to estimate the obstacles which, in the beginning, we should encounter in ousting the banks from their possession of the circulation; but a steady and judicious alternation of emissions and loans would reduce them in time. * * * But it will be asked, are we to have no banks? Are merchants and others to be deprived of the resource of short accommodations, found so convenient? I answer, let us have banks. * * * There is not a bank of discount on the continent of Europe (or at least there was not one while I was there) which offers anything but cash in exchange for discounted bills. No one has a natural right to the trade of a money-lender but he who has money to lend. Let those, then, among us who have a moneyed capital, and who prefer employing it in loans rather than otherwise, set up banks, and give cash or national bills for the notes they discount.

So it will be seen that Mr. Jefferson's leading idea was that national Treasury notes should form the currency of the country. I do not see how any democrat, upon due consideration, can be an advocate of national banks, which fire with a double-barrel monopoly on the people—interest on their bonds and interest on their loans. As suggested by Mr. Jefferson, every citizen, upon a principle of patriotism and national pride, would feel an interest in supporting his national currency. Every one would feel himself liable for it, and to distrust it would be to throw discredit on his own solvency and integrity. The Treasury notes would be uniform in value, and a convenient medium for all purposes and in all the States. They had their origin in war, and they should at least be used to work off the financial consequences of the war, if not to become a perpetual currency. Then our legal-tender currency would be cheap, safe, and democratic.

But our Government should furnish an abundant currency; that is, a supply commensurate with all its uses. We have not money enough. In a speech made in this House March 29, 1874, I showed from carefully-prepared statistics from official documents that the paper used as currency in the United States on the 31st of August, 1865, amounted to $2,192,395,627, and that the total amount in actual circulation on the 1st of July, 1873, was $631,488,676, making a reduction in eight years of $1,560,906,851, which was swallowed up in the bonded debt of the country. Here was almost a vertical fall of the currency from its appalling height of expansion down to the inadequate sum of $631,488,676, since increased to about $660,000,000 by the release of a part of the reserves under the act of June, 1874. And as I said in the same speech, this sum is to answer what purpose?

To spread over illimitable territory; to distribute among forty-five million people; to furnish money for the sales of capital or wealth, amounting now to about $40,000,000,000; to pay national, State, county, city, corporation, and individ-

nal indebtedness amounting to $9,000,000,000; to pay for the marketable proportion of annual productions of all sorts, $10,000,000,000; to pay annual taxation, United States, State, county, and town, $611,000,000; to pay interest on the public debt and private debt, $500,000,000; to pay for the annual construction and operation of railroads in the United States, $1,000,000,000; to pay for annual imports into the United States, $642,000,000; to pay for the support of schools, colleges, churches, book-concerns, newspapers, for building houses and towns, founding new States, and to pay for the personal expenses of the millions that move every day upon the railroads and public thoroughfares, $500,000,000.

The currency outstanding is entirely insufficient to float these almost fabulous demands. The Government contracted its currency, but did not contract its debt, so that it now requires three times the quantity of productions to pay the debts of the State and Federal Governments and the debts and taxes of individuals that it did before the contraction. It was the absolute perversion of all economic rules to run down the contraction-screws upon a debt-burdened and tax-ridden people. The result is a wide-spread financial distress, without the fault of the people, but by the act of the Government. It was not a financial calamity which follows as a punishment for uncalculating recklessness in bubble speculations. The people have been made "to reap the whirlwind" of financial folly which the Government has turned loose upon them.

What would have been thought of the justice or equity which would have compelled the payment in greenbacks of debts contracted in contemplation of payment in confederate treasury notes which were not worth one-tenth of their value? The Supreme Court of the United States in the case of Thorington *vs.* Smith declared against such unconscionable iniquity. The same objection would obtain to compel the payment in gold of debts contracted in contemplation of payment in greenbacks. This is what the Government has been striving with "might and main" to do. As a result, every impartial observer can see that every industry has become stagnant, our prosperity has been blighted, our progress retarded, and our people distressed. The people want more money, they demand more money, and sooner or later they will have it. Give them $500,000,000 more in reasonable installments in legal-tender notes, and it will not be more than enough to make our dormant industries heave and move with new vitality. Add $500,000,000 to our present currency, and it will not make more than half as much circulation as we had in 1865, and it will not make more than the people are owing the national banks at this time. Our currency should increase with the ratio of our national development.

But how shall we get an increase of our currency? How did we lose it? It was sunk in five-twenty and other bonds. Let the bonds payable in "dollars" give back the currency. Let these bonds be paid off in legal-tender notes according to contract. The currency, once turned loose, would flow into the channels of industry like water emptied from the clouds. This would answer the double purpose of furnishing an increase of currency and arresting interest on the public debt—a double measure of relief. And why not pay these bonds in legal-tender notes? They are made a legal tender, and say so on their face, for all debts, public and private, "except duties on imports and interest on the public debt," and the principal of the bond is neither. Besides, the holders of the bonds have already received over $1,200,000,000 interest in gold. These notes were good enough to pay off all the soldiers and seamen who fought the battles of the country; good enough to pay the farmer for his productions, which fed the Army; good enough to pay the manufacturer for the fabrics which clothed the Army; good enough for the mechanic who furnished

wagons and implements for the use of the Army; good enough for the people to pay their debts and internal taxes; good enough for the States to pay their bonds and their officers who administer their governments; good enough to pay the President and all other officers of the United States; good enough to pay the pensions of the maimed and crippled soldiers who gave their missing legs and arms and eyeballs to their country—and they ought to be good enough to pay the bondholder according to contract, particularly as the original consideration of those bonds was a depreciated currency. Why should he be fed upon a different "meat" from others, and be permitted to convert our national calamities into a luxury for himself?

Such distinguished favors will be a temptation to the money kings in the future to stir up civil and foreign wars, that they may amass wealth at the expense of enslaving the people with taxation. The blaze of war will be only as Aladdin's lamp, to lead them on to fabulous treasures. It is by the logic of taxation that they teach the people the blessing of a public debt. They manage to throw the national debt on the consumption of the country, while they escape with their property from the burden. In Great Britain, as in our own country, it is not the tax on property which pays the national debt, but four-fifths of it are paid by the toiling millions in the consumption of goods charged with customs and excises..

What aggravates the curse of our public debt is that a large portion of it is a foreign debt; and it is now proposed to accumulate the curse by making the debt larger. We should cut loose from it as from a "body of death." As I have already shown, it will be a disturbing element to our financial system and national prosperity as long as it exists. The interest on it will soon eat up our mountains of gold. We may arrest the evil by paying the bonds not calling for coin in their terms in legal-tender notes. Then we can keep our gold at home, and in gold redeem our legal-tender notes. This would be the solution of the perplexing problem of equating the value of currency and coin, without placing the country under the golden yoke of a bond aristocracy.

But we are told by the Secretary of the Treasury "that there is a large amount of currency in excess of the legitimate needs of business;" and as proof he points to the interest rates in the city of New York, being "3.8 per cent. on call loans and 6.4 per cent. on commercial paper." The Secretary does himself and the country great injustice. He seems to think that the whole country is dropsical with money because it is appoplectic in New York. If he had looked truly into the matter, he would have discovered that while that great financial head was gorged, the body and limbs were wasting with "pining atrophy." He could see our great financial question as only embracing in its outlines "call loans and commercial paper." The country admits and complains of the unfair and illegitimate concentration of the currency in New York. The chill of the panic of 1873 was still on the city, and it was afraid to let its money flow out of sight lest it could not be commanded in the twinkling of an eye.

If the Secretary had crossed the river into New Jersey, my information is that he would have found that money could be lent on good real estate security at from 10 to 15 per cent. per annum. If he had gone through the fourteen Southern and Southwestern States, he would have found that money could have been readily taken at from 10 to 25 per cent. on good security. He would have found a shrinkage in the price of property in those States from 50 to 500 per cent. compared with prices in 1860. He would have found, upon a

just estimate, one hundred thousand houses and lots and parcels of land within twelve months had been levied on for distress sales to pay taxes within those States. He would have found a dead lock to nearly all improvements, public and private. He should have known that the debts of the country, public and private, and the taxes of the Federal and State Governments are fivefold greater than they ever were before, and there is not money to pay them. His own report shows a deficiency in the sinking fund and balance of interest due on the public debt, making together nearly \$30,000,000. He must have known that there was a falling off in the customs duties last year of \$24,985,689.01, and the Treasurer of the United States in his report said in relation to the falling off:

> The people, in consequence of the stringency in the money market, became more economical in their expenditures for foreign goods.

He must have known the opinion of President Grant declared in his message to the last session of Congress:

> In view of the great actual contraction which has taken place in the currency, and the comparative contraction continuously going on, due to the increase of population, increase of manufactories, and all the industries, I do not believe there is too much of it now for the dullest period of the year.

The Secretary should have known that "hard times" were on the rampage, and a million of witnesses would have testified that such money stringency had not been known "within the recollection of the oldest inhabitants."

The interest on money in New York will tumble still lower, unless the currency becomes more abundant in the country. For the want of money the people cannot buy the usual supplies of merchandise. This cuts down the sales, and is followed by a reduction of stock by the jobbing and importing merchants, who could not pay a high rate of interest to support a declining business. The cry of distress will yet ring louder through the land and thunder for relief at the doors of Congress, unless appeased with a timely supply of money.

But I must draw my protracted remarks to a close. Our country is prophetic of a marvelous development. Within thirty years nearly one hundred millions of people will be sheltered under the canopy of the American Constitution. He has a puerile conception of the use of money who would confine it to the exchange and purchase of merchandise. Money is a most powerful factor in working out our national destiny. Money is not only a medium of exchange, but it is a tool in the hands of labor and the harness of our national industries by which they toil up to the grandeur of national prosperity. Money is also reproductive in its qualities. Hear a little of the mother wisdom of Benjamin Franklin:

> Remember that money is of a prolific, generating nature. Money can beget money, and its offspring can beget more, and so on. Five shillings turned is six; turned again it is seven and threepence; and so on till it becomes a hundred pounds. The more there is of it, the more it produces every turning, so that the profits rise quicker and quicker. He that kills a breeding sow destroys all her offspring to the thousandth generation. He that murders a crown destroys all that it might have produced, even scores of pounds.

Scarcity of money will give the accidental money power control over the labor, property, and industries of the country. The bondholder, who sunk his money in the public debt of the country and deprived it of its powers of increase, is as culpable as the unfaithful servant who hid his lord's money in the earth. His money should have been brought out to work among our thousand industries, and if it could not have found employment on the land, it would have found ample vent in our commerce upon the seas. There is no dan-

ger of our country being afflicted with financial elephantiasis with a boundless continent to subdue, to populate, to improve, and to adorn. We have yet worked out only a small fraction of our development. The whole country has yet to be filled with permanent capital, which must be accumulated by the use of money as the product of labor and other capital. Lands have to be purchased and prepared for cultivation—houses built, work-beasts, breeding stock, and farming implements provided—towns, cities, railroads, canals, mills, public buildings, schools, colleges, churches, and all other improvements have to be constructed and form a part of our national capital. Our annual productions then would baffle all our calculations. When our country is thus filled with capital, abounding with labor, and burdened with productions, still let the money accumulate, flow into, and fill every channel of industry until it brims with repletion, and still the money tide must rise until it overflows the national limits, if we would reach the climax of national prosperity, such as God promised to the ancient Hebrews:

Thou shalt lend unto many nations, but thou shalt not borrow.

Appendix A.

Net ordinary receipts into the Treasury from 1865 to 1874, excluding loans and Treasury notes, as appears from the report of the Secretary of the Treasury for the year 1874.

1865	$322, 031, 158 19
1866	919, 949, 564 38
1867	462, 846, 679 92
1868	376, 434, 453 82
1869	357, 188, 256 09
1870	395, 959, 833 87
1871	374, 431, 104 94
1872	364, 694, 229 91
1873	322, 177, 673 78
1874	299, 941, 090 84
Total	4, 195, 654, 045 84
Receipts from premiums from 1865 to 1874	170. 712, 276 01
Grand total	4, 366, 366, 321 85

Receipts from premiums into the Treasury from 1865 to 1874, as appears from the report of the Secretary of the Treasury for the year 1874.

1865	$11, 683, 446 89
1866	38, 083, 055 68
1867	27, 787, 335 35
1868	29, 203, 629 50
1869	13, 755, 491 12
1870	15, 295, 643 76
1871	8, 892, 839 95
1872	9, 412, 637 65
1873	11, 560, 530 89
1874	5, 037, 665 22
Total	170. 712. 276 01

Appendix B.

Net ordinary expenditures from 1865 to 1874, as appears from the report of the Secretary of the Treasury for the year 1874.

1865	$1, 217, 704, 199 28
1866	385, 954, 731 43
1867	202, 947, 733 87
1868	229, 915, 088 11
1869	190, 496, 354 95
1870	164, 421, 507 15
1871	157, 583, 827 58
1872	153, 201, 856 19
1873	180, 488, 636 90
1874	194, 118, 985 00
Total net ordinary expenditures	3, 076, 852, 920 46
Interest on public debt from 1865 to 1874	1, 211, 403, 003 13
Premiums paid by Government as part of public expenditures from 1865 to 1874	59, 739, 169 73
Total net ordinary expenditures	4, 347, 995, 093 32
Reduction of public debt from 1866, when greatest, to the year 1874	521, 545, 705 26
Net expenditures above reduction of public debt	3, 826, 449, 388 06

Interest paid on the public debt from 1865 to 1874, as appears from the report of the Secretary of the Treasury for the year 1874.

1865	$77, 395, 090 30
1866	133, 067, 624 91
1867	143, 781, 591 91
1868	140, 424, 045 71
1869	130, 694, 242 80
1870	129, 235, 498 00
1871	125, 576, 565 93
1872	117, 357, 839 72
1873	104, 750, 688 44
1874	107, 119, 815 21
Total	1, 211, 403, 003 13

Premiums paid by the Government as a part of public expenditures, as per report of the Secretary of the Treasury for the year 1874.

1865	$1, 717, 900 11
1866	58, 476 51
1867	10, 813, 349 38
1868	7, 001, 151 04
1869	1, 674, 680 05
1870	15, 996, 555 60
1871	9, 016, 794 74
1872	6, 958, 266 76
1873	5, 105, 919 99
1874	1, 395, 073 55
Total	59, 739, 169 73

Appendix C.

Estimate of the gold product of the United States since 1847.

Year.	California.	Other States and Territories.	Total.
1848	$10,000,000		$10,000,000
1849	40,000,000		40,000,000
1850	50,000,000		50,000,000
1851	55,000,000		55,000,000
1852	60,000,000		60,000,000
1853	65,000,000		65,000,000
1854	60,000,000		60,000,000
1855	55,000,000		55,000,000
1856	55,000,000		55,000,000
1857	55,000,000		55,000,000
1858	50,000,000		50,000,000
1859	50,000,000		50,000,000
1860	45,000,000	$1,000,000	46,000,000
1861	40,000,000	3,000,000	43,000,000
1862	34,700,000	4,500,000	39,200,000
1863	30,000,000	10,000,000	40,000,000
1864	26,600,000	19,500,000	46,100,000
1865	28,500,000	24,725,000	53,225,000
1866	25,500,000	28,000,000	53,100,000
1867	25,000,000	26,725,000	51,725,000
1868	22,000,000	26,000,000	48,000,000
1869	22,500,000	27,000,000	49,500,000
1870	25,000,000	25,000,000	50,000,000
1871	20,000,000	23,500,000	43,500,000
1872	19,000,000	17,000,000	36,000,000
1873	17,000,000	19,000,000	36,000,000
Total	985,800,000	254,950,000	1,240,750,000

Estimate of silver product of the United States.

From 1849 to 1858, $50,000 per annum	$500,000
1859	100,000
1860	150,000
1861	2,000,000
1862	4,500,000
1863	8,500,000
1864	11,000,000
1865	11,250,000
1866	10,000,000
1867	13,500,000
1868	12,000,000
1869	12,000,000
1870	16,000,000
1871	23,000,000
1872	28,750,000
1873	35,750,000
Total silver	189,000,000
Total gold	1,240,750,000
Grand total. 1849 to 1873, inclusive	1,429,750,000

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